

Research Markets Today

2 April 2025

Events Round-Up

JN: Tankan large manufacturing, Q1: 12 vs. 12 exp.
AU: Retail sales (m/m%), Feb: 0.2 vs. 0.3 exp.
CH: Caixin PMI manufacturing, Mar: 51.2 vs. 50.6 exp.
AU: RBA cash rate target (%), Apr: 4.1 vs. 4.1 exp.
EA: CPI (y/y%), Mar: 2.2 vs. 2.2 exp.
EA: CPI core (y/y%), Mar: 2.4 vs. 2.5 exp.
EC: Unemployment rate (%), Feb: 6.2 vs. 6.2 exp.
US: JOLTS job openings (k), Feb: 7568 vs. 7680 exp.
US: ISM manufacturing, Mar: 49.0 vs. 49.5 exp.

Good morning

US equity futures have rebounded from a soft session in the Asian time zone yesterday as US tariffs loom over markets. The S&P is up around 0.5% in afternoon trade. Asset markets are likely to remain on edge in the leadup to 'Liberation Day'. US treasury secretary Bessent said President Trump will announce reciprocal tariffs at 8am tomorrow (NZT). Treasury yields extended lower, and the US dollar was generally weaker against G10 currencies.

US job openings fell to 7.57 million in February, which was below consensus estimates, and consistent with a cooling labour market. Elevated economic policy uncertainty appears to be weighing on labour demand. The private sector quits rate remained at 2.2% implying workers have declining confidence for new employment at higher wages.

The US ISM manufacturing index was slightly weaker than expected, falling to 49.0, from 50.3 in February. The headline index would have fallen further without the jump in inventories, which likely reflects some pre-tariff stockpiling. The details pointed to a stagflationary mix with both new orders and employment declining, while prices paid rose to the highest level since 2022.

The weak ISM and evidence of a cooling labour market supported the rally in US treasuries. 10-year yields fell to 4.13%, the lowest level since early March. The market has increased the amount of easing priced by the Federal Reserve. Market pricing implies close to 80bp of rate cuts by December. European bonds also moved lower in yield with 10-year bunds closing at 2.68%.

Headline CPI in the Eurozone dipped to a 2.2% annual rate in March which was in line with consensus estimates. Core inflation increased 2.4%. The ECB has previously signalled it may slow the pace of easing because of the inflationary risks posed by the looming trade war. Markets are pricing around a 75% chance of a 25bp cut in April and total easing of 60bp by December.

The US dollar was generally weaker against G10 currencies although the absolute moves were not large since the local close yesterday. The dollar bloc currencies were the best performers while the euro lost ground against the US dollar. NZD/USD traded above 0.5700 before retracing and NZD/EUR moved steadily higher and up towards 0.5280.

The Reserve Bank of Australia left rates on hold at 4.1% as expected. The accompanying statement noted monetary policy remains restrictive, and the continued decline in underlying inflation is welcome, but there are two-sided risks, and the Board is cautious about the outlook. There was nothing in the statement to suggest the Bank won't cut in May, assuming inflation dynamics are favourable.

NZ Debt Management launched the tap syndication of the May-2032 nominal line yesterday and the transaction will price later today. The last book update revealed strong investor appetite with firm orders of NZ\$16 billion. The deal is capped at a maximum of NZ\$4 billion. Pricing has been tightened to a +14bp spread over the May-2031 reference bond.

Moves across NZ fixed income were driven by offshore markets in the local session yesterday. An initial selloff in NZ rates reversed as global yields retraced off the session highs. Ultimately, NZ swap rates were left unchanged while 10-year government bonds closed 1bp lower at 4.57%. Australian 10y bond futures are around 3bp lower in yield terms since the local close yesterday, which suggests a downward bias, for NZ yields on the open.

The only domestic data of note in the day ahead is building permits for February. Building approvals are released in Australia. In the US, ADP private payrolls data is scheduled later this evening. The consensus expects a 125K rise in ADP's payroll measure though this series does not have a strong relationship with official labour market data released at the end of the week.

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Coming Up

		Period	Cons.	Prev.	NZT
NZ	Building Permits (m/m%)	Feb	2.6	10:45	
AU	Building Approvals (m/m%)	Feb	-1.3	6.3	13:30
US	ADP Employment Change	Mar	120	77	1:15

Source: Bloomberg, BNZ

Currencies					Equities					Commodities					
FX Majors	Indicative overnight ranges (*)				Other FX		Major Indices				Price (Near futures, except CRB)				
	Last	% Day	Low	High	Last	% Day	Last	% Day	% Year	Last	Net Day				
NZD	0.5698	+0.4	0.5665	0.5705	CHF	0.8834	-0.1	S&P 500	5,633	+0.4	7.4	Oil (Brent)	74.59	-0.3	
AUD	0.6272	+0.4	0.6243	0.6283	SEK	10.002	-0.4	Dow	41,982	-0.0	6.1	Oil (WTI)	71.25	-0.4	
EUR	1.0802	-0.1	1.0778	1.0829	NOK	10.455	-0.5	Nasdaq	17,411	+0.7	6.2	Gold	3110.0	-0.4	
GBP	1.2930	+0.1	1.2880	1.2938	HKD	7.781	+0.0	Stoxx 50	5,320	+1.4	4.7	HRC steel	895.0	+0.6	
JPY	149.45	-0.3	148.98	149.99	CNY	7.271	+0.2	FTSE	8,635	+0.6	8.6	CRB	309.3	+0.8	
CAD	1.4321	-0.5			SGD	1.344	+0.1	DAX	22,540	+1.7	21.9	Wheat Chic.	552.3	+0.3	
NZD/AUD	0.9085	-0.1			IDR	16,699	+0.7	CAC 40	7,876	+1.1	-4.0	Sugar	19.37	+2.7	
NZD/EUR	0.5275	+0.5			THB	34.20	+0.7	Nikkei	35,624	+0.0	-10.6	Cotton	68.08	+1.9	
NZD/GBP	0.4407	+0.3			KRW	1,471	-0.2	Shanghai	3,348	+0.4	8.9	Coffee	390.7	+2.7	
NZD/JPY	85.16	+0.0			TWD	33.22	+0.1	ASX 200	7,925	+1.0	0.5	WM powder	3965	+0.0	
NZD/CAD	0.8160	-0.1			PHP	57.23	-0.0	NZX 50	12,313	+0.3	1.8	Australian Futures			
NZ TWI	67.80	+0.3						VIX Index	21.89	-1.8	+60.4	3 year bond	96.31	0.00	
Interest Rates										10 year bond			95.63	0.05	
	Rates		Swap Yields		Benchmark 10 Yr Bonds		NZ Government Bonds			NZ BKBM and Swap Yields					
	Cash	3Mth	2 Yr	10 Yr	Last	Net Day		Last	Chg	Last	Chg				
USD	4.50	4.85	3.69	3.72	USD	4.16	-0.05	15-Apr-27	3.53	-0.02	BKBM 1-mth	3.69	-0.01		
AUD	4.10	4.12	3.60	4.26	AUD	4.41	0.03	15-May-28	3.70	-0.02	BKBM 3-mth	3.60	-0.01		
NZD	3.75	3.60	3.37	4.10	NZD	4.58	-0.01	20-Apr-29	3.85	-0.02	1 year	3.35	-0.01		
EUR	2.50	2.34	2.16	2.61	GER	2.69	-0.05	15-May-30	4.00	-0.02	2 year	3.37	-0.00		
GBP	4.50	4.70	4.03	4.15	GBP	4.63	-0.04	15-May-31	4.17	-0.01	3 year	3.45	-0.00		
JPY	0.48	-0.03	0.84	1.31	JPY	1.50	0.01	15-May-32	4.31	-0.01	5 year	3.66	0.00		
CAD	2.75	4.97	2.31	2.69	CAD	2.94	-0.03	14-Apr-33	4.40	-0.01	7 year	3.87	0.00		
					Policy Meeting Run			15-May-34			10 year			4.10	0.00
								15-May-35			15 year			4.35	0.00
								15-May-36			NZ Inflation-Indexed Bonds				
								15-May-37			Sep-30			2.21	0.00
								15-May-41			Sep-35			2.70	0.00
								15-May-51			Sep-40			2.99	0.00
								15-May-54							

* These are indicative ranges from 5pm NZT; please confirm rates with your BNZ dealer
 Rates are as of: NZT 06:11
 Source: Bloomberg

NZD exchange rates

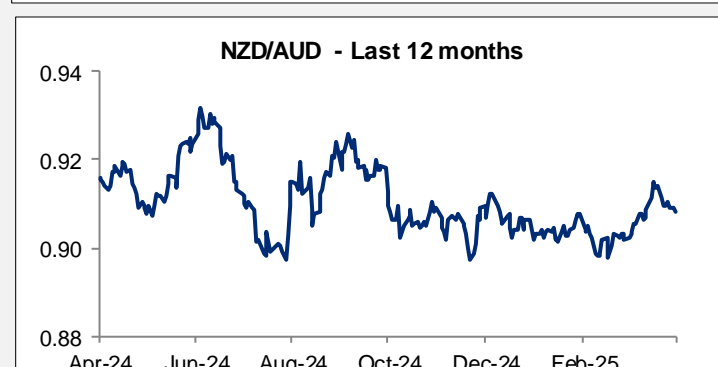
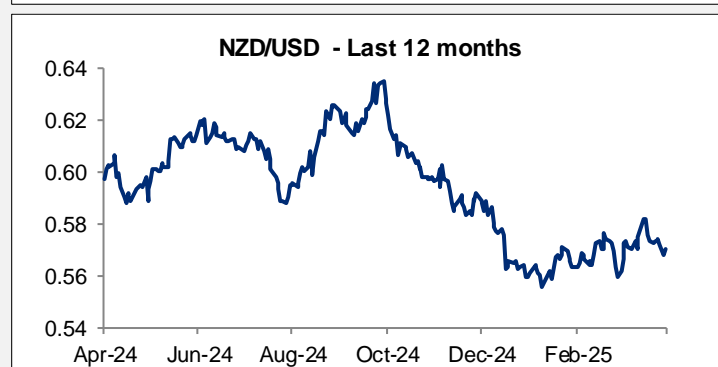
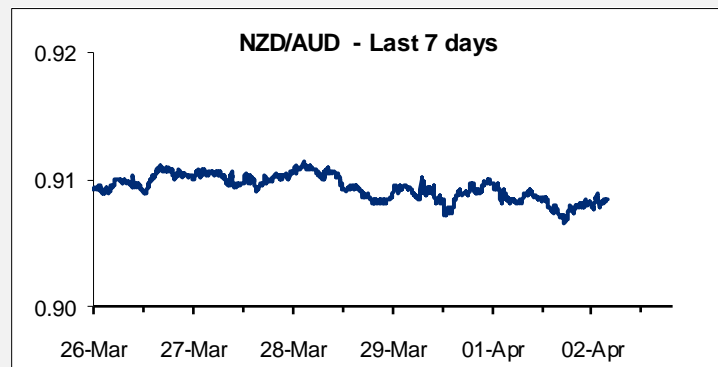
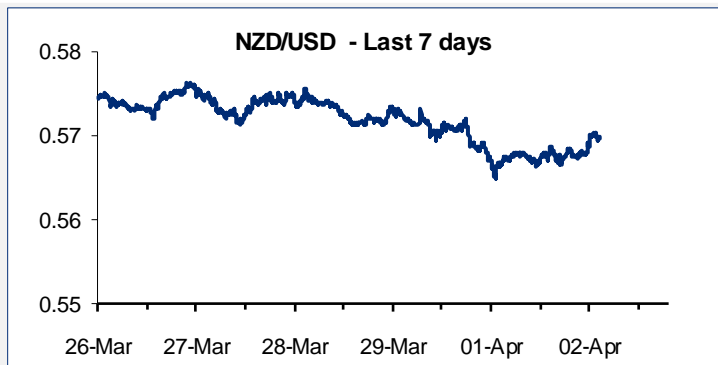
2/04/2025	6:11 am	Prev. NY close
USD	0.5698	0.5678
GBP	0.4407	0.4395
AUD	0.9085	0.9089
EUR	0.5275	0.5250
JPY	85.16	85.15
CAD	0.8160	0.8169
CHF	0.5034	0.5021
DKK	3.9361	3.9165
FJD	1.3288	1.3245
HKD	4.4337	4.4178
INR	48.70	48.71
NOK	5.9573	5.9675
PKR	159.63	159.09
PHP	32.61	32.58
PGK	2.3134	2.2979
SEK	5.6992	5.7004
SGD	0.7658	0.7624
CNY	4.1426	4.1205
THB	19.43	19.26
TOP	1.3509	1.3564
VUV	70.44	70.08
WST	1.5880	1.5836
XPF	63.00	62.77
ZAR	10.5232	10.4036

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.50	4.66
3 Months	13.07	13.44
6 Months	25.22	26.21
9 Months	35.31	37.29
1 Year	41.53	44.52

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	4.91	5.33
3 Months	13.94	14.97
6 Months	26.77	29.51
9 Months	37.19	42.50
1 Year	43.72	51.56



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